

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 3128 - SB 3064

March 1, 2012

SUMMARY OF BILL: Adds language to the definition of “years of service”, as it applies to insurance premiums for retirees continuing participation in the State Plan, to include years of service rendered by the retiree to a political subdivision participating in the Tennessee Consolidated Retirement System, for employees retiring on or after January 1, 2013.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$95,700/FY12-13
\$191,400/FY13-14 and Subsequent Years**

Assumptions:

- This bill will provide a lower premium payment requirement for retirees with additional years of service. This will lead to an increase in participation in the plan for applicable retirees.
- According to the Department of Finance and Administration (F&A), there are approximately 108 state employees with local government service who continue health insurance when they retire.
- F&A estimates a 25 percent increase in participation in the State Plan.
- The state pays approximately 80 percent of the cost of adding retirees to the State Plan.
- The average cost of adding retirees to the State Plan is \$8,862.48.
- A total recurring increase in state expenditures of \$191,430 (108 retirees x 25% increase x 80% state share x \$8,862.48 premium).
- The first-year (FY12-13) impact is estimated to be 50 percent of the first full-year (FY13-14) impact due the proposed effective date of January 1, 2013. Therefore, the increase in state expenditures will be \$95,715 for FY12-13. .

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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/jaw